

UNIFORM SYSTEM OF FINANCIAL RECORDS (USFR)

Non-Compliance – Summary

DISTRICT:

Topock Elementary School District No. 12

BASIC FINANCIAL INFORMATION:

Total State Aid:	\$222,339.28
Students Enrolled:	143
Number of Schools:	1
Student/Teacher Ratio:	14.3
Classroom Dollars:	51% of per pupil funding spent in classroom

ADMINISTRATIVE STATUS:

The District appeared before the Board on March 23, 2009 for determination of noncompliance with the USFR for failing to correct internal control deficiencies first identified in a Report from the Office of the Auditor General in October 2007. The subsequent status review in July 2008 had revealed that the District was still not in compliance with the USFR.

The Board tabled the matter without withholding state funds until the Auditor General performed another status review. However, the District has not notified the Board that it is ready for such a review.

Additionally, the District has not supplied audit reports for fiscal years 2008 and 2009 nor the USFR Compliance Questionnaire for fiscal year 2009 which were to be submitted to the Auditor General by June 30, 2010.

SUMMARY OF AUDITOR GENERAL'S FINDINGS:

At this time, the District has failed to submit its reports for 2008 and 2009. The District is only required to submit biannual reports, so the report for fiscal years 2010 and 2011 will be due March 31, 2012. The Auditor General's office will not perform another status review until: (1) the past-due reports and questionnaire have been submitted; (2) the District notifies the Board that it has substantially corrected its internal control deficiencies; and (3) the Board requests that the Auditor General perform another status review. At that time, the Auditor General will contact the District to discuss in detail what action the District has taken to correct its internal control deficiencies and whether another status review is warranted.

DATE DISTRICT ANTICIPATES FINDINGS WILL BE SATISFACTORILY ADDRESSED:

The District has not provided information to the Auditor General that allows for a determination of when the internal control deficiencies will be satisfactorily addressed.

ADDITIONAL USFR COMPLIANCE ISSUES:

None

RECOMMENDED ACTION: (REFER TO DECISION MATRIX)

The Board previously tabled action to withhold funds until the Auditor General performed another status review to determine the District's compliance. The District remains out of compliance with the USFR.

The Board should move to find the District in noncompliance with the USFR and to withhold **5%** of the District's state aid until the Auditor General verifies that the deficiencies have been met and that the District is back in compliance.

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NON-COMPLIANCE – DECISION TABLE

	<u>District Status</u>	<u>Recommended Action</u>
1	The Auditor General's Office verifies that the district is out of compliance at time of Board meeting. The District does not present credible evidence that the deficiencies will be remedied prior to the next Board meeting.	Move to find the district in noncompliance with the USFR and to withhold 3% of the district's state aid until the Auditor General verifies that the deficiencies have been met and that the district is back in compliance.*
2	The Auditor General's Office verifies that the district is out of compliance at time of Board meeting. The district provides evidence that all deficiencies have been remedied and is ready for the Auditor General to verify compliance.	Move to find that the district is in noncompliance with the USFR, but to table any action pending the results of the Auditor General's status review. <i>(Board staff will request that the Auditor General's Office conduct a follow-up status review. The results of this review would not be available for several months.)</i>
3	The Board tables action to withhold funds under scenario no. 2 and the Auditor General's status review confirms that the district remains out of compliance with the USFR.	Move to find the district in noncompliance with the USFR and to withhold 5% of the district's state aid until the Auditor General verifies that the deficiencies have been met and that the district is back in compliance.*
4	The district is out of compliance due to prior year deficiencies and is already subject to withholdings. - AND - The Auditor General's Office verifies that the district is again out of compliance for the current fiscal year.	Move to find the district in noncompliance with the USFR and to withhold an additional 3% of the district's state aid until the Auditor General verifies that the deficiencies have been met and that the district is back in compliance.*
5	Pursuant to A.R.S. § 15-272, upon a finding of noncompliance, the Board reserves the right to withhold up to ten percent of the portion of state monies to a school district for each violation from the date of the determination until such time as the auditor general reports compliance with the USFR.*	

**Pursuant to A.R.S. § 15-272(D), a district shall not be eligible to recover withheld funds if the district remains out of compliance through the end of the fiscal year following the fiscal year when the initial determination of noncompliance was made.*

The recommended actions described in this table are not binding. The Board may take action not prescribed in this table due to unique or unforeseen circumstances.